Hawaiian Electric

NORTH KOHALA MICROGRID PROJECT
Frequently Asked Questions

Q: Why are you building a microgrid?

A: We are building a microgrid to improve resilience and reliability for customers in North Kohala by supplying electric power to the area when the connection to the primary grid is out. The community is served by a single radial line that was built in the 1950s. Any outage of the line, as may occur for planned outages and for unplanned events like fallen trees or car accidents, will interrupt service for about 2,000 customers in North Kohala. We worked with the community to develop several options, and the community ultimately supported the option to rebuild the existing line and create a microgrid in the area to provide power while the line is out of service.

Q: What is a radial line?

A: A radial line is a line that is connected at only one end to the main interconnected grid. With a radial line, any problem or work on the line can affect electric service for all customers connected to the line because we can't re-route power.

Q: What is a microgrid?

A: A microgrid is a system to provide electricity to a portion of the utility grid when disconnected from the main utility grid. This would be the first utility microgrid based on storage in the state of Hawai‘i.

Q: How will this microgrid be used?

A: The microgrid would allow us to continue to serve customers in North Kohala during outages of the radial line connecting the area to the main power grid. These outages may occur while we rebuild the existing line as well as when the line is impacted by an emergency condition or undergoing maintenance. The microgrid also would allow the flexibility to rebuild the line over multiple years which would lower costs of the rebuild. Other benefits would be fewer outages and shorter outages for the area served by the microgrid.

Q: Where will the microgrid be located?

A: The microgrid will be supported by a battery energy storage system (BESS) instead of using fossil generation. Both will be located next to Hawaiian Electric's Hawi substation. The site is about 1.207 acres and was selected to reduce costs and shorten the development timelines.

Q: Have you started work on the property?

A: No.

Q: Who will operate the microgrid?

A: Hawaiian Electric will operate the microgrid.

Q: How long with the microgrid and battery be in service? What happens if it's not needed?

A: The Energy Storage Services Agreement, or ESSA, is for 10 years. Upon the expiration of the ESSA, the selected proposer will be solely responsible for the decommissioning of the project and the restoration of the site if no longer needed.

Q: Why do you need the battery?

A: The BESS will be an energy source for the microgrid. The community preferred this option over diesel generators as an energy source.

Q: Why did you issue an RFP for only the battery? What about the rest of the project?

A: Hawaiian Electric is responsible for providing safe power on our system. The overall North Kohala microgrid project is unique in that the Company will own and operate the microgrid controller but contract for a third-party battery energy storage system. In October 2021, we submitted a Request for Proposals (RFP) to the Public Utilities Commission for the microgrid's battery energy storage system. The RFP seeks to procure 5 MW and 30 MWh of standalone energy storage capacity for integration with a microgrid controller system.

Q: What is the status of the RFP?

A: The final RFP was approved and opened to bidders on March 24, 2023, with proposals due by May 31, 2023. On August 29, 2023, the RFP was closed without an award. Following a comprehensive evaluation process, Hawaiian Electric concluded that the proposals did not meet the criteria set forth in the RFP. On March 6, 2024, the Commission closed the Docket. The company is determining the appropriate next steps and will provide updates as information becomes available.

Q: Will the Kohala community be able to provide input on the next steps?

A: Yes. We worked with the community on the microgrid solution, and the community will continue to be involved with next steps. A community meeting is anticipated in May 2024.

Q:

A: **How do you evaluate the proposals?**

We have a comprehensive evaluation process to ensure proposals meet the requirements set forth in the RFP. This includes reviewing both price and non-price aspects of each eligible proposal. The types of non-price criteria we look at for this RFP are State of Project Development and Schedule, Performance Standards, Environmental Compliance and Permitting Plan, Experience and Qualifications, Financial Strength and Financing Plan, ESSA Contract Proposed Modifications, Carbon Emissions, and Technical Model. The first two criteria are weighted twice as heavily as the others to reflect the impact these categories have to achieve a successful and timely procurement.

Q:

A: **Do you evaluate community outreach and cultural impacts?**

Yes, community outreach and cultural impacts are part of the non-price criteria for our RFPs. Because Hawaiian Electric is managing community outreach and cultural impacts for this project, they aren't evaluated in this RFP. However, the selected proposer is expected to fully participate in our community outreach and cultural impact outreach efforts.

Q:

A: **Will the microgrid be in service when the battery is in service?**

Yes, we plan to have the microgrid and BESS commissioned together.

Q:

A: **Who pays for the microgrid? Will my bill increase because of the project?** We're seeking PUC approval for this project so the Company's costs could be recovered through rates. Bills could increase for all customers but at this point, we don't know how much or how little. Through the RFP process, we select the best value for customers. What's important to remember is that we always do our best to minimize bill impacts to customers.

Q: How can I get more information about the microgrid project and the RFP?

A: Detailed information about the RFP is available on our website www.hawaiianelectric.com under North Kohala Energy Storage RFP. Additional information about the overall microgrid project can be found on the North Kohala Microgrid webpage.

Q: Will the microgrid allow North Kohala to disconnect from the main grid and be powered by the wind farm?

A: No, the microgrid is designed specifically to operate as a microgrid to provide electric service to North Kohala when power cannot be provided by the interconnected island grid.

Q: Why don't you connect the microgrid to the wind farm? When does that contract expire?

A: We met with representatives from Hawi Renewable Development. It was decided that this project will not be tied to the wind farm. The initial term of the current contract ended on May 18, 2021 and was continuing under a month-to-month provision while the Company and developer negotiated a new agreement. The agreement was approved by the Public Utilities Commission on July 12, 2023.

Q: Why is it taking so long?

A: The process is long because we want to do it right. We worked with many stakeholders and technical experts over the years to develop solutions that would work for the community and the Company. The microgrid with battery storage option was selected, and we requested the Public Utilities Commission's approval to move forward with the project. As a regulated utility, we're required to seek approval from the PUC on construction projects like this one. The approval process is lengthy and thorough so the commission can ensure that the impacts and benefits to customers are warranted. Now that the RFP was closed without an award and the Docket was closed by the Commission, the Company is evaluating appropriate next steps, which will again need PUC approval.

Q:

A: **Are you planning to install more microgrids around the island?**

Not at this time, but it's something we may consider for critical areas in the future.

Q:

A: **Is this project connected to the Waikoloa solar projects?**

No.

Q:

A: **What about greenhouse gas emissions?**

A greenhouse gas emissions analysis and report will be completed and submitted as part of our application to the PUC.

Q:

A: **Who's doing community outreach and looking at cultural resource impacts?**

Since the microgrid controller will be owned and operated by Hawaiian Electric, we're managing the overall community outreach for this project. The selected proposer for the RFP is expected to participate and assist with our community engagement and cultural resource efforts as well as listen to and address any community concerns or issues regarding the BESS. We're also developing a cultural resource impact plan for this project. A selected proposer in the RFP will be required to comply with any requirements set forth in the plan or by Hawaiian Electric.

Q:

A: **Does this mean no more annual planned outages?**

Yes. While we would continue to perform regular maintenance and upgrades but won't require an overnight outage because the microgrid will keep the lights on for the community.

Q: What do you do during the overnight outages?

A: In general, work includes performing maintenance and repairs, replacing equipment and poles, upgrading technology, and tree trimming. We maximize the amount of work performed during a planned outage. Crews from around the island are utilized to ensure the work is performed as safely and efficiently as possible. We're also mindful of the impacts of the timing and duration and do our best to schedule the outage at the most convenient time for the community. Our employees also proactively notify and reach out to residents, businesses, and community organizations to share outage and preparedness information to help them prepare.

Q: What are you going to do in the meantime?

A: To keep the lights on, we'll continue with regular inspections, tree trimming, and annual planned outages. We'll also continue with the planning, engineering, procurement, and construction for the microgrid project.

Q: Those overnight outages are a huge inconvenience. Can't you provide us with generators or give us a bill discount/refund? We shouldn't be charged when there's no electricity.

A: We proactively notify the community about planned outages in advance so you can prepare accordingly. We also provide resources on how to prepare for outages in our Handbook for Emergency Preparedness. Customers are billed only for the electricity they use. You won't be billed for electricity during a power outage.

Q: What can I do to help?

A: Staying informed and sharing your input and support helps as we move forward.